

Importance of communication: efficient business decisions

16th March 2017 / Business Insights

Author: Dr. Mihails Kuznecovs

Before doing anything, we have to prepare. Communication must be specific to an organisation's needs in order to avoid general and time-wasting content, which in turn leads to complicated and inefficient decisions. Proper communication is the channel through which decision-makers (e.g. strategists and executives) address company needs and make correct decisions. The need for efficient communication and its application are explained below through business fundamentals such as strategic decisions, business management, project management and accounting.



Importance of communication: efficient business decisions

Any Industry : Any Business

- Allows to communicate complexity
- Enables to lead business efficiently
- Builds solid decisions
- Creates transparency
- Establishes credibility

The importance of communication in corporate strategy definition

A well-thought-out communication approach allows strategists and executives to provide clear and logical insights into the various aspects of corporate strategy by focusing on analysis and the decision-making process. As such, corporate strategy identifies market channels and determines specific business entry directions. In accordance with set strategy, communication plays an important role in helping business managers to assess corresponding resources and set up coordination mechanisms. This way, communication facilitates the definition of optimal development and profitability scenarios. As a result, well-communicated strategies allow decision-makers to form strong, long-term objectives and cooperate with business managers in transforming these objectives into realistic business models with successful execution.

The importance of communication in business management

Efficient communication equips entrepreneurs with a better understanding of complex decision-making processes, which enables them to lead their businesses more efficiently. As a process, communication provides structured insight into fundamental business considerations such as strategic thinking, planning, understanding economics and financing, marketing and organisational tasks. Through communication, the decision-maker forms a better understanding of business management and what it requires. Further, communication allows

business managers to break down major considerations into logical blocks. This way, communication lets business managers become more aware of the complexity of decision-making, bringing added benefits through management efficiency efforts.

The importance of communication in project planning

Structured communication allows project managers to link such crucial project planning components as timing, human and cost resources to achieve efficient project development execution. Communication enables project managers to focus on identifying all necessary steps and organising them constructively into action plans, such as through development phases. In essence, communication is a mechanism that acts as a centre point for project managers, business developers, technical specialists and other related parties. Properly set up communication creates a much stronger sense of what project management is, its processes and how project managers can execute these effectively. Such knowledge gained through efficient communication should allow the company to create foundations for building a strong, competitive development pipeline.

The importance of communication in international accounting

International accounting involves what almost every company is facing today: international relationships and how they must be properly recorded through appropriate accounting standards (e.g. IAS and IFRS), whether they involve materials delivered from neighbouring countries, local bureau experts' advice, logistics organisation, financing receivables from international funds, expenses and value-added tax (VAT) returns, hiring international employees, participating in tenders and projects and so on. Communication is crucial to delivering a better and more effective understanding of how accountants and business managers should approach such accounting tasks directly and of how executives should do so at a strategic level.

Concluding remarks: communication is an efficient mechanism for decision-making

As a conclusion, efficient communication is key to business success, whether at the individual or the corporate level. Further, communication as a mechanism concerns both complex areas such as market-entry or business issues and specific communications such as reports, analyses and research and its efficient presentation. Well-organised, transparent and effective communication procedures provide businesses with a clear understanding of doing business fundamentals, which allow them to become stronger and more secure while also heightening their credibility.

The views expressed in this publication do not necessarily reflect the views and/or understanding of other professionals, institutional bodies or individuals. You may use this publication for non-commercial purposes provided you cited Ersteberg Ltd. Ersteberg Ltd. will not be held liable for any errors, damage or other consequences and events resulting from the use of this study.

Please feel free to connect/follow us <https://www.linkedin.com/company/ersteberg>
Contact us at info@ersteberg.com
www.ersteberg.com

